



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 06-6, Covington and Florence, Kentucky, Cities Income Tax Withholding

Date: April 6, 2006

To: Holders of TAXES (State of Kentucky only)
Personnel User Groups
T&A Contact Points in Kentucky

Beginning with wages paid for Pay Period 7, the National Finance Center (NFC) will make the following changes to the withholding of city income tax for the cities of Covington and Florence, Kentucky:

- The city of Covington, Kentucky, will increase the maximum withholding wage base from \$90,000 to \$94,200 and increase the maximum annual withholding amount from \$2,250 to \$2,355.
- The city of Florence, Kentucky, will increase the maximum withholding wage base from \$90,000 to \$94,200 and increase the maximum annual withholding amount from \$1,125 to \$1,177.50.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

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Kentucky Cities Income Tax Information and Withholding Formula

► Effective Pay Period 7, 2006 ◀

1. Subtract the nontaxable biweekly Federal Employees Health Benefits payment from the gross biweekly wages.
2. Multiply the adjusted gross biweekly wages by 26 to obtain the annual wages.
3. Determine the annual Kentucky city income tax withholding by applying the following guideline to the annual wages.

Compute the City Income Tax Withholding For:

By Multiplying the Annual Wages By:

	State/City Codes	Resident Percentage	Nonresident Percentage	City Tax Status (Duty Station=DS Residence=R)
Bowling Green	21/0350	2.00	2.00	DS
Covington	21/0800	2.50 ¹	2.50 ¹	DS
Florence	21/1150	1.25 ²	1.25 ²	DS
Frankfort	21/1220	1.75	1.75	DS, R
Lexington-Fayette	21/1980	2.25	2.25	DS
Louisville	21/2090	2.20	1.45	DS
Owensboro	21/2490	1.33	1.33	DS
Paducah (<i>voluntary</i>)	21/2520	1.50	1.50	
Richmond	21/2750	2.00	2.00	DS

¹ Maximum withholding wage base of ► **\$94,200** (maximum annual withholding of **\$2,355**). ◀

² Maximum withholding wage base of ► **\$94,200** (maximum annual withholding of **\$1,177.50**). ◀

Note: City tax is mandatory unless otherwise indicated.

4. Divide the annual Kentucky city income tax withholding by 26 to obtain the biweekly Kentucky city income tax withholding.